

**REPORT OF AUDIT
Medical Staff**

**For the Period
1 January 1962 to 30 September 1963**

INTRODUCTION

1. Medical Staff had an operating budget of [REDACTED] 5X1A1A
for fiscal year 1963. Of the total budget, personal services
accounted for approximately [REDACTED] The staff has [REDACTED] 25X9A2
positions composed of [REDACTED] staff personnel, [REDACTED] consultants and 25X9A2
[REDACTED] contract personnel some of whom are part-time employees.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

2. Procedures, internal controls and records are generally satisfactory except for controls over regulated and prescription drugs. Some deficiencies in control were found in this area which require corrective action. Recommendations resulting from our audit are summarized below and discussed in the paragraphs indicated:

- a. Expedite publication of definitive listing of regulated drugs. (Paragraph 3)
- b. Investigate discrepancies between physical counts of regulated drugs and log balances and adequately document any resultant adjustments to the drug log. (Paragraph 4)
- c. Limit access to regulated drugs storage areas. (Paragraph 5)
- d. Establish and maintain control procedures for regulated and prescription drugs used to stock MD bags. (Paragraph 6)

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- e. Take physical inventory of regulated drugs as prescribed by Medical Staff Regulations. (Paragraph 7)
- f. Establish and maintain Referral Log in Psychiatric Division. (Paragraph 8)
- g. Strengthen internal controls over Medical Staff imprest fund. (Paragraph 9)
- h. Obtain current hand receipts from Chief of Clinical Division for property on loan. (Paragraph 10)

DETAIL COMMENTS

No Accurate Catalog of Regulated Drugs On Hand in Medical Office

3. The Chief Nurse, who is the responsible individual for the control and custody of regulated drugs, did not have an accurate catalog or definitive listing of items classified as regulated drugs. It was necessary for her, in many cases, to use her own judgment in the classification of drugs for control purposes. Effective control procedures for regulated items should include a definitive listing of items subject to control. During the audit we recommended necessary action to secure such a listing. We understand that this was done and a comprehensive, definitive listing of regulated items is being formulated. We recommend that the preparation of the listing be expedited and that when completed it be maintained in a current status.

Test Counts of Regulated Drugs Not in Agreement With Log

4. Test counts of regulated drugs revealed discrepancies between balances as shown by the Regulated Drug Log and amounts on hand in two instances as follows: (a) count of 1/2 grain Phenobarbital tablets showed 171 tablets on hand while the log showed a balance of 140. In addition we noted that a prescription for 100 tablets had not been recorded. The resultant total difference was an unexplained overage of 131 tablets; (b) count of 1/4 grain Phenobarbital tablets showed

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419 tablets on hand while the recorded log balance was 431 tablets for a shortage of 12 tablets. We recommend that the differences as noted above be subjected to investigation and any resultant adjustment of the Regulated Drug Log and supply records be adequately documented and approved by a senior Medical Staff officer.

Multiple Access to Some Regulated Drugs

5. Some medical supply items classified as regulated drugs and therefore subject to log control were stored in a locked cabinet to which more than one employee had access. We recommend that access to regulated items be limited to the designated custodian with necessary arrangements made for an alternate custodian and/or emergency access.

Regulated and Prescription Drugs in MD Bags Not Adequately Controlled

6. At the time of our audit regulated and prescription drugs were kept in six MD bags and one emergency bag. Five of the MD bags were in the custody of staff physicians and one MD bag was in the custody of the chief nurse. The emergency bag was not under the control of any single person but rather was kept in the sterilizing room in order to be available in an emergency. None of the regulated items contained in these bags were entered as issued on the Regulated Drug Log. The same is true of prescription drugs contained in the bags inasmuch as they were not issued on prescription but merely were kept in the bags as part of the on-hand inventory. During the course of the audit we recommended that issues of regulated drugs be logged out to the five custodial physicians and the chief nurse and that prescription drugs for the MD bags be issued on prescription to the custodians. We were advised that this is now being done. In the case of regulated and prescription drugs for use in the emergency bag we recommended that the items not be issued but that the emergency bag be kept in a locked cabinet with provisions being made for access in emergencies. We feel the above measures would provide the degree of control necessary under the circumstances and we were advised that they would be carried out.

Physical Inventory of Regulated Drugs Not Taken by Two Persons

7. The last physical inventory of regulated drugs was taken by the Chief Nurse alone. Medical Staff's internal procedures require that physical inventory be taken by two persons. We recommend that the next physical inventory of regulated drugs be taken by two persons in conformance with Medical Staff requirements.

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Referral Log Not Maintained by Psychiatric Division

8. Medical Staff Regulation 35-1, paragraph 6b(2) requires that a Referral Log reflecting date, patient's name, name of consultant referred and a brief diagnosis or reason for referral will be maintained in the immediate office of each professional division or staff chief. The purpose of this log is to enable reconciliation between the data recorded thereon and bills or statements for professional services rendered by the consultants. The Psychiatric Division did not maintain such a log and because we were not allowed access to patients' files we were unable to confirm the validity of consultants' billings. We recommend that the Psychiatric Division establish and maintain a Referral Log in conformance with Medical Staff Regulation 35-1.

Emergency Medical Supplies Imprest Fund Controls Weak

9. Our audit of the \$600 imprest fund established for emergency purchases of medical supplies revealed the following weaknesses:

- a. The designated custodian of the fund is not the custodian in fact of the fund but rather the designated alternate custodian is custodian.
- b. Access to the fund is not restricted to the custodian. The keys to the cash box were kept with the cash box in an open safe during temporary absences of the custodian.
- c. Fund accountings are not submitted monthly as required by the authorizing document establishing the fund dated 20 June 1955. Three accountings had been submitted for the 11 month period from August 1962 to June 1963.
- d. The fund is used for purposes other than those for which it was established, namely the emergency purchase of medical supplies. We noted instances in which such items as repairs to medical equipment, purchase of plant for office, purchase of paper for autostat machine were made from the fund.

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- e. Accountings submitted indicated that the size of the fund (\$600) is excessive. The three accountings mentioned in (c) above averaged less than \$100 per month.

We recommend that the necessary steps be taken to correct the weaknesses noted above.

Current Hand Receipts Needed for Property Not Under Control of Responsible Officer

10. Hand receipts covering nonexpendable property on loan to the Clinical Division are dated 7 December 1961 and are signed by the former chief of that division. The use of hand receipts is usually restricted to cases involving limited use of property and where the property will be returned to the custody or control of the responsible officer within 90 days. We recommend that current hand receipts, signed by the present Chief of Division, be obtained for the material on loan to Clinical Division.

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